



STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JOHN D. CHERRY, JR.
LT. GOVERNOR

October 11, 2010

Michigan House of Representatives
State Capitol
Lansing, MI 48909-7514

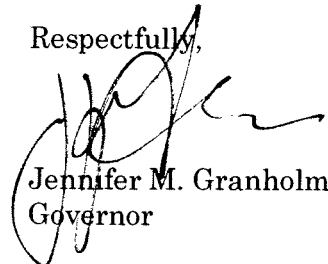
Ladies and Gentlemen:

Today I have signed Enrolled House Bill 5872, a bill authorizing the expenditure of Michigan's share of the federal Education Jobs Fund recently approved by the United States Congress and President Obama in Public Law 111-226. While I have signed the bill, I have disapproved Subsection (2) of the bill pursuant to Section 19 of Article V of the Michigan Constitution of 1963. The specific item veto is detailed in the attached copy of the bill, which has been filed with the Secretary of State.

I have exercised my item veto authority because Subsection (2) would allocate federal funds in a manner inconsistent with the requirements of Public Law 111-226. Under the federal law, funds received by a state must be distributed: (1) through a state's primary funding formula; or (2) based upon local schools' relative shares of funds under Title I of the federal Elementary and Secondary Education Act of 1965. Subsection (2) of Enrolled House Bill 5872 does neither. The United States Department of Education has indicated that this allocation is inconsistent with the requirements of Public Law 111-226 and with the application for Education Jobs Fund filed by the state of Michigan, in which the state indicated that funds would be distributed based on its primary funding formula. Failure to comply with the requirements of Public Law 111-226 likely will result in a federal audit and recoupment of funds by the federal government.

While I have disapproved Subsection (2) of Enrolled House Bill 5872, I look forward to working with the Legislature on enactment of a new appropriation for Michigan schools that allocates funds using Michigan's primary funding formula rather than attempting to restore prior reductions in education funding in a manner that is prohibited by federal law. If we work together, we can ensure that all schools receive their fair share of this federal assistance.

Respectfully,



Jennifer M. Granholm
Governor

c: Michigan Senate

**STATE OF MICHIGAN
95TH LEGISLATURE
REGULAR SESSION OF 2010**

Introduced by Rep. Terry Brown

ENROLLED HOUSE BILL No. 5872

AN ACT to amend 1979 PA 94, entitled "An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to create certain funds and provide for their expenditure; to prescribe penalties; and to repeal acts and parts of acts," (MCL 388.1601 to 388.1772) by adding section 11p.

The People of the State of Michigan enact:

Sec. 11p. (1) In addition to the funds appropriated under section 11, for 2010-2011 only, there is appropriated the amount of the federal funding awarded to this state under section 101 of title I of Public Law 111-226, estimated at \$316,270,300.00, solely for the purposes identified in that section of federal law, to be distributed by funding those portions of the primary funding formulae that are calculated and allocated under this section.

~~(2) From the federal funding appropriated under subsection (1), there is allocated an amount not to exceed \$246,000,000.00 to provide a 1-time allocation for 2010-2011 only to districts and public school academies in an amount equal to \$154.00 per membership pupil for the purposes of funding the shortfall in the primary funding formula achieved through the reductions in section 11d. The department shall calculate and allocate to each district or public school academy an amount equal to \$154.00 per membership pupil based on the 2010-2011 membership used for the October 2010 payment under this act.~~

(3) From the federal funding appropriated under subsection (1), there is allocated an amount not to exceed \$65,770,300.00 to provide to each district or public school academy for 2010-2011 only a 1-time portion of per-pupil funding to be allocated under this subsection. The department shall calculate and allocate the 1-time portion of per-pupil funding allocated to each district or public school academy under this subsection as follows:

(a) First, for each district or public school academy, calculate the amount that the district's foundation allowance or public school academy's per pupil allocation calculated under section 20 would be if the basic foundation allowance for 2010-2011 were \$8,512.00, if the maximum public school academy allocation for 2010-2011 were \$7,623.00, and if the \$20.00 amount in section 20(3)(a) and 20(26)(h) were instead \$8.00.

(b) Second, calculate the difference between the amount calculated for the district or public school academy under subdivision (a) and the amount of the district's foundation allowance or public school academy's per pupil allocation as actually calculated under section 20 for 2010-2011.

(c) Third, multiply the amount calculated under subdivision (b) times the district's or public school academy's 2010-2011 membership used for the October 2010 payment under this act.

(4) For 2010-2011 only, from the federal funding appropriated under subsection (1), there is allocated an amount not to exceed \$4,500,000.00 to provide a 1-time allocation of primary funding to each intermediate district in an amount equal to the product of 6.9% multiplied by the amount of funding allocated to that intermediate district under section 81 for 2010-2011 under 2010 PA 110.

(5) If there is money remaining under this section after the allocations under subsections (2), (3), and (4) and after any amount that is unused under those subsections because a district or public school academy is unable to use its full allocation under subsections (2) and (3), then in addition to the amounts allocated under subsections (2) and (3) there is also allocated to each district and public school academy that received money under subsection (3) an amount equal to the district's or public school academy's relative proportion of the funding actually used under subsection (3) applied to that remaining money, calculated and distributed in a form and manner determined by the department.

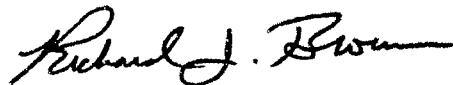
(6) To be eligible to receive funds appropriated under this section, a district, intermediate district, or public school academy must meet 1 of the following:

(a) Has previously submitted an application to receive funding under the state fiscal stabilization fund as provided for under title XIV of the American recovery and reinvestment act of 2009, Public Law 111-5.

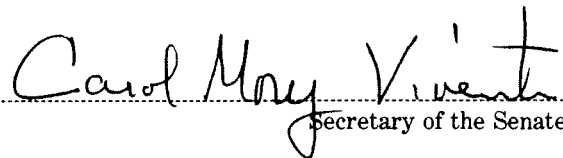
(b) Submits an application for the funding under this section in a form and manner determined by the department.

(7) A recipient of funding under this section shall comply with all reporting requirements of section 1512 of the American recovery and reinvestment act of 2009, Public Law 111-5, and other reporting requirements established by the United States department of education for this funding.

This act is ordered to take immediate effect.

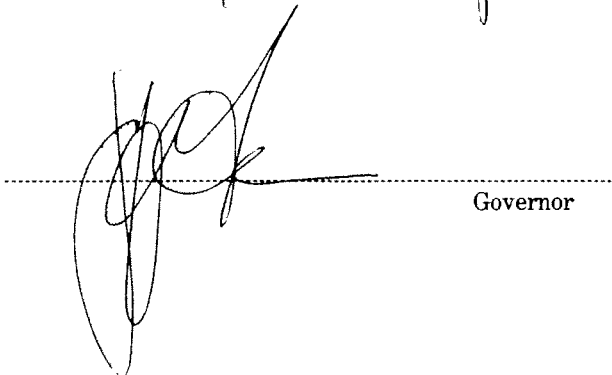


Clerk of the House of Representatives



Secretary of the Senate

Approved 10/11/10 4:25 p.m.



Governor